

Lowell Public Schools

Districtwide Budget Update

June 17, 2020



Agenda

- Revenue Forecast
- Approach to Cost Savings
- Strategic Steps Taken
- Scenario Based Planning
- Current Scenarios
- Potential for Future Reductions
- Next Steps
- Timeline
- Questions



Revenue Forecast

- **There has been no additional budget information provided by the state since the Governor's initial proposal in January (prior to the COVID-19 economic shutdown).**
- **Since that time, we have been notified by various official outlets including DESE that the Governor's initial projection is no longer valid. The House and Senate will be working jointly to develop a new revenue forecast for the state budget.**
- **Current forecasts have the state losing more than \$6 billion in revenue in FY21 due to the pandemic.**
- **The state received federal stimulus money in May. Of that amount, Lowell Public Schools is eligible to receive \$4.1 million which can be applied toward FY21 expenses**

Approach to Cost Savings

Two management pillars:

- **Operate transparently and responsibly, ensuring a seamless flow of information and extreme fiscal prudence in decision making without creating unnecessary chaos within the community.**
- **Maintain maximum flexibility for any possibility of revenue and any requirement of programming in FY21 while we await final state mandates and concrete revenue information.**



Strategic Steps Taken to Date

- All employee groups were notified of potential reductions in force in accordance with contractual timelines
- Districtwide hiring freeze was enacted in April resulting in flexibility in reductions of more than 50 positions.
- Transportation vendors were notified of the district's intent to enact a contractual provision halting payments during the closure period, resulting in approximately \$4 million in savings
- Curriculum materials and technology were pre-purchased utilizing savings in FY20 to offset over \$3 million of FY21 supply costs
- Revolving accounts were replenished in FY20 enabling more than \$1 million in additional offsets to fixed costs in FY21, including special education out of district tuition
- Federal ESSER/Cares Act application will be submitted by June 30 with allowable recurring salary expenses which offset operational costs in FY21 at more than \$4 million
- Central Office administrators were notified of potential reductions in force including specific positions totaling more than \$1 million
- Multiple budget possibilities have been developed and shared publicly since April which contemplate different revenue scenarios to prepare the district in advance of the state's budget adoption (the most recent scenario of level funding was shared with School Committee on 6/3 and 6/8)
- A 1/12th budget for the month of July 2020 was adopted by the School Committee on 6/8/20

Scenario Based Planning

- Theory of Action vs. Theory in Use
- Core Beliefs and Fundamental Commitments
- Family and community voice

Budget adjustments are always contemplated based on plausible scenarios of revenue which in totality honor the voices of the community, remain true to our core beliefs, deliver on our fundamental commitments and continue to operationalize year 1 of the strategic plan, ensuring that good teaching happens for every child, every day.

To date, we have built out multiple scenarios including:

- **Governor's initial proposed revenue (+ \$13,431,181)**
- **Level Service budget (- \$6,715,590 from original)**
- **Level Funded budget (- \$13,431,181 from original PLUS \$4.1 million of ESSER/Cares Act funds)**
- **5% Reduction from current year (- \$18.6 million PLUS \$4.1 million of ESSER/Cares Act funds)**

Potential for Future Reductions

- Pre-purchase supplies/technology to offset FY21 (approximately \$3million)
- Replenish revolving accounts to offset FY21 out of district costs (\$1 million)
- Reduce administrative headcount (\$1 million)
- ESSER/Cares Act funds to offset FY21 costs (\$4.1 million)
- Facility Lease termination (\$420,000)
- Further reduction to school site budgets (up to \$3.6 million)
- Districtwide furloughs (up to \$1.8 millon)
- Districtwide pay freeze (up to \$4 million)
- Program realignment (up to \$2 million PENDING FURTHER ANALYSIS)
- Reduction in Force

What are our next steps?

- Run the Fair Student Funding algorithm to redo the school site budgets to make reductions in equitable manner
- Have the school site councils work to make such cuts as a team
- Prepare and submit the ESSER/Cares Act application before June 30
- Pre-purchase supplies
- Run projections to strategically utilize as much of FY20 savings as possible to offset FY21

Timeline

- **Close out current year purchase orders**
- **Complete year end transfers**
- **Complete ESSER/Cares Act application and submit prior to June 30**
- **Close out FY20 budget year**
- **Grant applications**
- **July 1 – start with 1/12 th budget**
- **July SC meeting – potentially vote on August 1/12th budget**
- **HOPEFULLY, receive revenue figures from the state**
- **Update the budget to reflect state revenue figures**
- **Schedule a Finance Subcommittee meeting to present updated budget**
- **Finalize and approve updated budget**

Questions

- Is there any additional information that would be helpful to the Committee?
- Are there additional analyses the Committee would like us to consider?
- Are there additional planning steps between now and final budget adoption that the Committee would like us to take?